

TO: THE STOCKHOLDERS OF
THE GLEANER COMPANY LIMITED

THE GLEANER COMPANY LIMITED
CONSOLIDATED THREE MONTHS INTERIM FINANCIAL REPORT
AT MARCH 31, 2007
(UNAUDITED)

Income Statement

	Notes	GROUP (Unaudited) Three Months Jan - Mar 31, 2007 \$000's	GROUP* (Unaudited) Three Months Jan - Mar 31, 2006 \$000's	GROUP* (Audited) Twelve Months Dec 31, 2006 \$000's
Revenue	4(a), 6	864,683	739,883	3,620,522
Cost of sales		(470,412)	(412,268)	(2,047,025)
Gross profit		394,271	327,615	1,573,497
Other operating income		18,446	32,523	182,265
Employees benefit asset	4(c)	<u>37,591</u>	<u>11,816</u>	<u>309,719</u>
		<u>450,308</u>	<u>371,954</u>	<u>2,065,481</u>
Distribution costs		(141,093)	(130,143)	(469,289)
Administrative expenses		(175,759)	(144,921)	(742,818)
Other operating expenses		(98,138)	(99,112)	(399,645)
Pension cost		(<u>81</u>)	(<u>630</u>)	(<u>222</u>)
		<u>(415,071)</u>	<u>(374,806)</u>	<u>(1,611,974)</u>
Profit/(loss) from operations		35,237	(2,852)	453,507
Net finance (cost)/income		(<u>5,823</u>)	(<u>5,446</u>)	<u>(28,340)</u>
Profit/(loss) before taxation		29,414	(8,298)	425,167
Taxation		(<u>9,707</u>)	<u>-</u>	(<u>151,512</u>)
Profit/(loss) for the period/year		<u>19,707</u>	<u>(8,298)</u>	<u>273,655</u>
Attributable to:				
Parent company stockholders		18,628	(12,944)	256,167
Minority interest		<u>1,079</u>	<u>4,646</u>	<u>17,488</u>
		<u>19,707</u>	<u>(8,298)</u>	<u>273,655</u>
Dealt with in the financial statements:				
Parent company		38,867	32,836	110,594
Subsidiary companies		(20,239)	(45,780)	<u>145,573</u>
		<u>18,628</u>	<u>(12,944)</u>	<u>256,167</u>
Earning per stock unit:				
Based on stock units in issue		1.54¢	(1.1¢)	21.15¢

*Restated to conform with 2007 presentation

Consolidated Balance Sheets

	GROUP (Unaudited) Three Months Mar 31, 2007 \$000's	GROUP* (Unaudited) Three Months Mar 31, 2006 \$000's	GROUP (Audited) Twelve Months Dec 31, 2006 \$000's
Assets			
Property, plant and equipment	735,546	619,264	706,358
Intangible assets	520,337	425,567	518,748
Employees benefit asset	789,408	454,098	751,817
Long-term receivables	1,375	2,821	1,408
Investment in associates	150	150	150
Investments	247,530	356,836	220,191
Deferred tax assets	<u>10,262</u>	<u>10,651</u>	<u>10,656</u>
Total non-current assets	<u>2,304,608</u>	<u>1,869,387</u>	<u>2,209,328</u>
Cash and cash equivalents	61,352	43,127	59,182
Trade and other receivables	599,898	435,589	702,837
Prepayments	15,689	20,152	23,574
Taxation recoverable	39,399	27,048	41,736
Inventories and goods in-transit	372,861	261,044	341,859
Securities purchased under agreements for resale	<u>186,412</u>	<u>314,525</u>	<u>186,461</u>
Total current assets	<u>1,275,611</u>	<u>1,101,485</u>	<u>1,355,649</u>
Total Assets	<u>3,580,219</u>	<u>2,970,872</u>	<u>3,564,977</u>
Equity			
Share capital	605,622	605,622	605,622
Reserves	<u>1,572,717</u>	<u>1,371,053</u>	<u>1,621,974</u>
Total equity attributable to equity holders of the parent Company	2,178,339	1,976,675	2,227,596
Minority interest	<u>24,751</u>	<u>1,538</u>	<u>23,672</u>
Total equity	<u>2,203,090</u>	<u>1,978,213</u>	<u>2,251,268</u>
Liabilities			
Long-term liabilities	13,294	34,195	37,263
Employees benefit obligation	98,191	50,700	60,600
Deferred tax liabilities	<u>356,293</u>	<u>254,425</u>	<u>367,138</u>
Total non-current liabilities	<u>467,778</u>	<u>339,320</u>	<u>465,001</u>
Bank overdraft	5,741	38,634	38,742
Trade and other payables	833,253	515,043	731,674
Taxation	41,172	69,947	44,158
Current portion of long-term liabilities	18,826	22,100	25,366
Deferred income	<u>10,359</u>	<u>7,615</u>	<u>8,768</u>
Total current liabilities	<u>909,351</u>	<u>653,339</u>	<u>848,708</u>
Total liabilities	<u>1,377,129</u>	<u>992,659</u>	<u>1,313,709</u>
Total equity and liabilities	<u>3,580,219</u>	<u>2,970,872</u>	<u>3,564,977</u>
Stockholders' equity per ordinary stock unit	184¢	163¢	184¢

*Restated to conform with 2007 presentation

GROUP STATEMENT OF CHANGES IN EQUITY
Period ended March 31, 2007

	Share Capital \$000's	Capital Reserves \$000's	Fair value reserves \$000's	Reserve for own Shares \$000's	Retained profits \$000's	Parent company equity \$000's	Minority Interest \$000's	Total equity \$000's
Balances at December 31, 2005	605,622	427,561	89,969	(129,365)	1,043,193	2,036,980	6,184	2,043,164
Net loss for the period	-	-	-	-	(8,298)	(8,298)	(4,646)	(12,944) *
Change in fair value of investments	-	-	(10,464)	-	-	(10,464)	-	(10,464) *
Dividends paid (gross)	-	-	-	-	(42,394)	(42,394)	-	(42,394)
Currency translation differences on foreign subsidiaries	<u>-</u>	<u>851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>-</u>	<u>851</u> *
Balances at March 31, 2006	<u>605,622</u>	<u>428,412</u>	<u>79,505</u>	<u>(129,365)</u>	<u>992,501</u>	<u>1,976,675</u>	<u>1,538</u>	<u>1,978,213</u>
Balances at December 31, 2006	605,622	493,132	77,877	(169,506)	1,220,471	2,227,596	23,672	2,251,268
Net profit for the period	-	-	-	-	18,628	18,628	1,079	19,707 *
Change in fair value of investments	-	-	(20,051)	-	-	(20,051)	-	(20,051) *
Own shares sold by The Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	3,965	-	3,965	-	3,965 *
Dividends payable (gross)	-	-	-	-	(42,394)	(42,394)	-	(42,394)
Currency translation differences on foreign subsidiaries	<u>-</u>	<u>(9,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,405)</u>	<u>-</u>	<u>(9,405)</u> *
Balances at March 31, 2007	<u>605,622</u>	<u>483,727</u>	<u>57,826</u>	<u>(165,541)</u>	<u>1,196,705</u>	<u>2,178,339</u>	<u>24,751</u>	<u>2,203,090</u>

*Total losses recognised for the period - \$5,784,000 (2006: \$22,557,000).

CONSOLIDATED CASH FLOW STATEMENT
AT MARCH 31, 2007
(UNAUDITED)

	GROUP (Unaudited) Three Months Mar 31, 2007 \$000's	GROUP* (Unaudited) Three Months Mar 31, 2006 \$000's	GROUP (Audited) Twelve Months Dec 31, 2006 \$000's
Cash Flow from operating activities			
Net profit attributable to stockholders	18,628	(12,944)	256,167
Adjustment for non-cash items	(71,331)	(35,793)	(250,818)
	(52,703)	(48,737)	5,349
Change in working capital	<u>133,459</u>	<u>67,001</u>	(88,025)
Net cash generated/(used) by operating activities	80,756	18,264	(82,676)
Net cash (used)/provided in investing activities	(21,583)	(13,998)	136,877
Net cash used in financing activities	<u>(24,002)</u>	(55,608)	(89,596)
Increase/(decrease) in cash and cash equivalents	35,171	(51,342)	(35,395)
Cash and cash equivalents – beginning of period	<u>20,440</u>	<u>55,835</u>	<u>55,835</u>
Cash and cash equivalents – end of period	<u>55,611</u>	<u>4,493</u>	<u>20,440</u>
Comprised of: -			
Cash and bank balances	61,352	43,127	59,182
Bank overdraft	(5,741)	(38,634)	(38,742)
	<u>55,611</u>	<u>4,493</u>	<u>20,440</u>

*Restated to conform with 2007 presentation

Notes to the Interim Financial Report

We hereby present the Report of the Group for the three months ended March 31, 2007.

1. Segment Reporting

Segment information is presented in respect of the Group's business segments. The primary format for business segments is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

***The main business segments of the group comprise:**

	<u>Media</u>		<u>Books and Stationery</u>		<u>Other</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>
Turnover	<u>748,943</u>	<u>647,432</u>	<u>104,320</u>	<u>84,562</u>	<u>11,420</u>	<u>7,889</u>	<u>864,683</u>	<u>739,883</u>
Profit/(loss) from operations	48,858	14,991	(13,167)	(20,890)	(454)	3,047	35,237	(2,852)
Finance cost	-	-	-	-	-	-	(5,823)	(5,446)
Profit/(loss) before taxation	-	-	-	-	-	-	29,414	(8,298)
Taxation	-	-	-	-	-	-	(9,707)	-
Profit/(loss) after taxation	-	-	-	-	-	-	19,707	(8,298)
Minority interest	-	-	-	-	-	-	(1,079)	(4,646)
Profit/(loss) attributable to Stockholders of parent Company	-	-	-	-	-	-	<u>18,628</u>	(<u>12,944</u>)
Segment assets	<u>3,036,154</u>	<u>2,546,813</u>	<u>414,934</u>	<u>303,084</u>	<u>129,131</u>	<u>120,975</u>	<u>3,580,219</u>	<u>2,970,872</u>
Segment liabilities	<u>1,126,827</u>	<u>877,766</u>	<u>181,431</u>	<u>93,237</u>	<u>26,477</u>	<u>21,656</u>	<u>1,334,735</u>	<u>992,659</u>
Capital expenditure	<u>12,320</u>	<u>10,728</u>	<u>370</u>	<u>762</u>	<u>-</u>	<u>-</u>	<u>12,690</u>	<u>11,490</u>
Depreciation and amortisation	<u>12,467</u>	<u>13,107</u>	<u>3,040</u>	<u>1,013</u>	<u>2</u>	<u>176</u>	<u>15,509</u>	<u>14,296</u>

Notes to the Interim Financial Report (cont'd)

2. Group Financial Accounts for the three months ended March 31, 2007; show, before taxation a profit of approximately \$29M (2006: loss of \$8M).
3. The Group Profit, after taxation and minority interest, for the three months of 2007 was approximately \$20M compared with a loss of approximately \$8M for the same period last year.
4. In comparing the financial statements for the three-month period ended March 31, 2007, with those of previous year, the following should be noted: -
 - (a) Revenue increased by approximately \$125M or 17% for the period, but this was negated by a 15% increase in cost of sales, due to increases in production materials and a 9% increase in distribution cost.
 - (b) Other operating income of \$18M (2006: \$33M) decreased due to reduction in interest rates and investments income.
 - (c) Employees benefit asset of \$38M (2006: \$12M) represents management's estimate of a portion of the surplus in the pension scheme which, in accordance with IAS 19, has been credited to the income statement. The surplus is, however, not realised profit as it represents future economic benefits to be derived from the reduction in the company's contribution to the pension scheme (See also Balance Sheet item of approximately \$789M).
5. The Group Financial Statements for the three months ended March 31, 2007, include the Company's twelve (2006: twelve) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, Sangster's Book Stores Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, Creek Investment Limited (*formerly Beckford's Auto Supplies Limited*) and overseas subsidiaries, The Gleaner Company U.S.A. Limited, The Gleaner Company (Canada) Incorporated, GV Media Limited (*formerly the Gleaner Company (UK) Limited*), and The Voice Group (in liquidation).
6. The revenue represents sales by the Group before commission payable but excluding returns.
7. The calculations of earnings per stock unit are arrived at by dividing profit after taxation attributable to parent company stockholders by 1,211,243,827 stock units which is the number of stock units in issue at the end of the period/year.
8. The calculations of stockholders' equity per ordinary stock unit for 2007 and 2006 are arrived at by dividing capital and reserves by 1,211,243,827 stock units (see 7 above).

Dividend and Stock Prices

For 2007, your directors approved the payment of an Interim Ordinary Dividend of 3.5 cents per stock unit payable to stockholders on record at March 20, 2007. Payment was made on April 5, 2007.

The Company's stock unit price on the Jamaica Stock Exchange at March 31, 2007 was \$1.85, the opening price at January 1, 2007 was \$1.99.

Libel Cases

The Company's lawyers advised that they are of the opinion that the provision made in the Company's accounts is a reasonable provision for the purpose of covering all reasonable and probable judgements and costs for existing libel actions against the Company.

On behalf of the Board

Hon. O. F. Clarke, O.J.

Chairman and Managing Director

C. R. Bourne

Secretary